MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2022/2023 (TERM ID 2210)

PAT0084 – INTRODUCTION TO COST AND MANAGEMENT ACCOUNTING

(All sections/Groups)

6 FEBRUARY 2023
2.30 p.m – 4.30 p.m
(2 Hours)

INSTRUCTIONS TO STUDENT

1. This question paper consists of 5 pages with 5 questions.
2. Attempt **ALL** questions. The distribution of the marks for each question is given.
3. Please write all your answers in the Answer Booklet provided.

Structured Questions (100 Marks)

QUESTION 1

Safa Manufacturing has decided to use specific cost drivers to allocate its activity costs. Safa has identified the following information for the current year:

Activity	Cost Driver	Activity Costs (RM)	Cost Driver Quantity
Materials handling	Number of parts	320,000	80,000 parts
Production	Number of machine hours	420,000	100,000 machine hours
Assembly	Number of components	210,000	70,000 components
Finishing	Number of labour hours	270,000	30,000 labour hours

Safa made 5,000 units of product GFibre during the month. Each complete unit requires 6 parts, 30 minutes of labour, 3 hours of machine hours, and 12 components.

REQUIRED

a) Determine the cost driver rate for each of the activities. (8 marks)

b) Calculate the cost per unit of product GFibre and total costs allocated to 5,000 units of product GFibre. (12 marks)

(Total 20 marks)

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QUESTION 2

Namsan Manufacturing Limited produces waffle maker and sells it for RM80. The following information is available for Namsan Manufacturing Limited.

	RM
Direct material cost per unit	18
Direct labour cost per unit	12
Fixed production overhead	20,000
Variable production overhead cost per unit	5
Administration expenses	10,000
Distribution expenses	7,000

The company pays its pay salesmen a commission of 10% of sales.

REQUIRED

a) Calculate the total variable costs per unit. (6 marks)

b) Calculate the breakeven point (6 marks)

c) Management is considering to make the following changes in its analysis:

- Increase the unit selling price of its waffle maker by 10%.
- A new total variable cost per unit is expected at RM48 per unit.
- Additional advertising expenses would be incurred at a total of RM33,000.

How many units would Namsan Manufacturing Limited need to sell in order to earn a profit of RM80,000 with the changes made? (8 marks)

(Total 20 marks)

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QUESTION 3

Cinelook is a company that manufactures tablet pens. In January 2022, the company produced 40,000 units of pens and 35,000 units was anticipated to be sold. The price of the devices is RM120 per unit. The following cost information pertain to Cinelook for January 2022:

Manufacturing costs:	
Direct materials cost (per unit)	RM 30
Direct labour cost (per unit)	RM 14
Variable manufacturing overhead cost (per unit)	RM 4
Fixed manufacturing overhead cost	RM1,280,000
Selling and administrative expenses:	
Variable per unit	RM 4
Fixed (Total for the month)	RM 1,120,000

REQUIRED

a) Calculate the unit product cost using:
   i. absorption costing
   ii. variable costing.

(5 marks)

b) Prepare the income statement using:
   i. Absorption costing
   ii. Variable costing. (15 marks)

(Total 20 marks)

QUESTION 4

Smart Mini makes mini vacuum cleaner for local and international markets. The costs per unit are as follows:

Direct material A	RM 10
Direct material B	RM 9
Direct material C	RM 8
Direct manufacturing labour	RM 7
Variable manufacturing overhead	RM 6
Fixed manufacturing overhead	RM 5
Variable selling expenses	RM 4
Fixed selling expenses	RM 3
Variable administrative expenses	RM 2
Fixed administrative expenses	RM 1

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The mini vacuum cleaner normally sells for RM70 each. The company has received a special order for 10,000 units of vacuum cleaner at RM60 per unit. The company has excess capacity to accept the special order.

REQUIRED

a) Calculate the total relevant revenues from the special order. (4 marks)

b) Calculate the total relevant costs for the special order. (8 marks)

c) Compute the change in operating income if the special order is accepted. (4 marks)

d) Should Smart Mini accept the special order? Explain. (4 marks)

(Total 20 marks)

QUESTION 5

Part A

Homey Sdn Bhd manufactures a variety of decorative frames. The manufacturing costs in the assembly department during January were:

	RM	RM
Direct materials added		20,000
Conversion costs:		
Direct labour	50,000	
Factory overhead	40,000	90,000
Assembly costs to account for		310,000

There was no beginning inventory of work in process. During January, work on 20,000 decorative frame started in the assembly department, but only 15,000 decorative frames were fully completed and transferred out. All materials had been made in process, but only half of the conversion costs had been completed for each of the decorative frame still in process at the end of the period.

REQUIRED

a) Calculate the total equivalent units (3 marks)

b) Calculate the cost per equivalent units for materials, conversion costs and in total for January.Round the unit cost to two decimal points. (3 marks)

c) Calculate the costs for units completed and transferred out. (2 marks)

d) Calculate the cost of ending work in process. (2 marks)

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Part B

Makmur Manufacturing Sdn Bhd manufactures a single product. The following information relates to Makmur Manufacturing Sdn Bhd for the first quarter of 2022.

	January	February	March
Budgeted sales (units)	190,500	200,000	206,500

Desired inventories (units):	Materials	Finished goods
January, 1	105,000	104,000
January, 30	106,100	199,600
February, 31	115,000	180,500
March, 30	117,900	205,400

Notes:

i. Selling price of the finished product is RM60 per unit.
ii. One unit of direct material is required to produce one finished product.
iii. Direct materials cost per unit is RM35.

REQUIRED

Prepare the following budgets for Makmur Manufacturing Sdn Bhd for the months of January, February and March.

a) Sales budget (2.5 marks)

b) Production budget. (3 marks)

c) Direct materials purchase budget (in quantity and value). (4.5 marks)

(Total 20 marks)

End of Paper